



2015 Second Quarter FINANCIAL REPORT

September 2015

PERFORMANCE AT A GLANCE

GENERAL FUND REVENUES	COMPARED TO 2015 PROJECTIONS	REFERENCE
Property Tax Revenue	◀NEUTRAL▶	Page 4
Sales Tax Revenue	▲ POSITIVE ▲	Pages 5-6
Utility Tax Revenue	▲ POSITIVE ▲	Page 10
Development Revenue	▲ POSITIVE ▲	Page 11
Park and Recreation Revenue	▲ POSITIVE ▲	Page 12
Investment Income	▲ POSITIVE ▲	Page 13
EXPENDITURES		
General Fund Expenditures	▲ POSITIVE ▲	Page 14
NON-GENERAL FUND REVENUES		
Surface Water Fees	◀NEUTRAL▶	Page 16
Fuel Tax	◀NEUTRAL▶	Page 19
Real Estate Excise Tax	▲ POSITIVE ▲	Page 19

Key to revenue trend indicators:

- ▲ POSITIVE ▲ = Positive variance of >+2% compared to projections.
- ◀ NEUTRAL ▶ = Variance of -1% to +2% compared to projections.
- WARNING ● = Negative variance of -1% to -4% compared to projections.
- ▼ NEGATIVE ▼ = Negative variance of >-4% compared to projections.

CITY FINANCIAL OVERVIEW

EXECUTIVE SUMMARY

General fund receipts are higher than the year-ago level by \$289,371, or 1.9%. General fund expenditures are lower than the year-ago level by \$4,666,552 or 30.3% mostly due to timing of payments for the police services contract with King County.

Street fund receipts, including transfers in, totaling \$691,115 are \$292,175, or 29.7%, less than the year-ago level primarily due to a lower required transfer in from the general fund. Street fund expenditures, including transfers out, totaling \$672,100 are \$26,300, or 3.8%, less than the year-ago level.

Surface water utility (SWM) fund receipts totaling \$1,463,682 are \$339,310, or 18.8%, less than the year-ago level. SWM fund expenditures totaling \$1,979,881 are \$155,822, or 8.5%, higher than the year-ago level.

Real estate excise tax receipts through June in the amount of \$1,366,206 are \$429,496, or 45.9%, higher than the year-ago level.

Fuel tax receipts, in the amount of \$529,358, are \$4,087, or 0.8%, higher than the year-ago level.

Revenues by Fund	2015 Current Budget	2015 Second Quarter Actual	2015 % of Current Budget	2014 Current Budget	2014 Second Quarter Actual	2014 % of Current Budget	2015 v. 2014 \$ Change	2015 v. 2014 % Change
General Fund	\$38,152,434	\$15,898,994	41.7%	\$36,843,013	\$15,609,623	42.4%	\$289,371	1.9%
Street Fund	\$1,569,007	\$691,115	44.0%	\$1,999,037	\$983,290	49.2%	-\$292,175	-29.7%
Code Abatement Fund	\$100,000	\$5,611	5.6%	\$100,000	\$727	0.7%	\$4,884	671.8%
State Drug Enforcement Fund	\$13,800	\$2,117	15.3%	\$13,800	\$36,206	262.4%	-\$34,089	-94.2%
Public Arts Fund	\$54,408	\$154	0.3%	\$55,051	\$1,115	2.0%	-\$961	-86.2%
Federal Drug Enforcement Fund	\$65,750	\$7,010	10.7%	\$20,750	\$49,773	239.9%	-\$42,763	-85.9%
Property Tax Equalization Fund	\$0	\$814	0.0%	\$0	\$552	0.0%	\$262	47.5%
Federal Crime Forfeitures Fund	\$534,358	\$234,576	43.9%	\$316,310	\$832	0.3%	\$233,744	28,094.2%
Revenue Stabilization Fund	\$0	\$0	0.0%	\$0	\$0	0.0%	\$0	0.0%
Transportation Impact Fee	\$0	\$182,481	0.0%	\$0	\$0	0.0%	\$182,481	0.0%
Unltd Tax GO Bond Fund	\$1,712,175	\$899,823	52.6%	\$1,710,000	\$895,049	52.3%	\$4,774	0.5%
Limited Tax GO Bond 2009 Fund	\$1,663,217	\$1,149,681	69.1%	\$1,662,567	\$967,765	58.2%	\$181,916	18.8%
Limited Tax GO Bond 2013 Fund	\$260,823	\$169,135	64.8%	\$260,823	\$103,979	0.0%	\$65,156	0.0%
General Capital Fund	\$3,492,919	\$806,662	23.1%	\$4,878,471	\$524,096	10.7%	\$282,566	53.9%
City Facility-Major Maint. Fund	\$348,525	\$110,137	31.6%	\$115,392	\$35,086	30.4%	\$75,051	213.9%
Roads Capital Fund	\$23,749,289	\$5,230,546	22.0%	\$23,642,942	\$5,512,582	23.3%	-\$282,036	-5.1%
Surface Water Utility Fund	\$6,446,918	\$1,463,682	22.7%	\$5,602,951	\$1,802,992	32.2%	-\$339,310	-18.8%
Vehicle Operations/ Maint. Fund	\$278,950	\$220,216	78.9%	\$245,273	\$230,338	93.9%	-\$10,122	-4.4%
Equipment Replacement Fund	\$1,071,528	\$332,631	31.0%	\$482,666	\$269,321	55.8%	\$63,310	23.5%
Unemployment Fund	\$17,500	\$52	0.3%	\$17,500	\$8,778	50.2%	-\$8,726	-99.4%
Totals	\$79,531,601	\$27,405,437	34.5%	\$77,966,546	\$27,032,104	34.7%	\$373,333	1.4%
Transportation Benefit District	\$796,300	\$333,225	41.8%	\$788,613	\$330,601	41.9%	\$2,624	0.8%

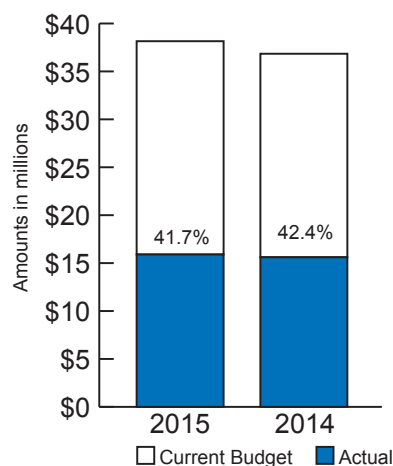
Expenditures by Fund	2015 Current Budget	2015 Second Quarter Actual	2015 % of Current Budget	2014 Current Budget	2014 Second Quarter Actual	2014 % of Current Budget	2015 v. 2014 \$ Change	2015 v. 2014 % Change
General Fund	\$38,152,434	\$10,726,814	28.1%	\$36,843,011	\$15,393,366	41.8%	-\$4,666,552	-30.3%
Street Fund	\$1,569,007	\$672,100	42.8%	\$1,999,037	\$698,400	34.9%	-\$26,300	-3.8%
Code Abatement Fund	\$100,000	\$5,500	5.5%	\$100,000	\$-	0.0%	\$5,500	0%
State Drug Enforcement Fund	\$13,800	\$9,976	72.3%	\$13,800	\$12,381	89.7%	-\$2,405	-19.4%
Public Arts Fund	\$54,408	\$12,951	23.8%	\$55,051	\$4,913	8.9%	\$8,038	163.6%
Federal Drug Enforcement Fund	\$65,750	\$3,393	5.2%	\$20,750	\$0	0.0%	\$3,393	0.0%
Property Tax Equalization Fund	\$0	\$0	0.0%	\$0	\$0	0.0%	\$0	0.0%
Federal Crime Forfeitures Fund	\$534,358	\$0	0.0%	\$316,310	\$7,519	2.4%	-\$7,519	-100.0%
Revenue Stabilization Fund	\$0	\$0	0.0%	\$0	\$0	0.0%	\$0	0.0%
Transportation Impact Fee	\$0	\$0	0.0%	\$0	\$0	0.0%	\$0	0.0%
Unltd Tax GO Bond Fund	\$1,712,175	\$204,642	12.0%	\$1,709,050	\$228,327	13.4%	-\$23,685	-10.4%
Limited Tax GO Bond 2009 Fund	\$1,663,217	\$583,316	35.1%	\$1,662,567	\$591,013	35.5%	\$7,697	-1.3%
Limited Tax GO Bond 2013 Fund	\$260,823	\$65,189	25.0%	\$260,823	\$103,979	39.9%	-\$38,790	0.0%
General Capital Fund	\$3,492,919	\$1,281,726	36.7%	\$4,878,471	\$835,021	17.1%	\$446,705	53.5%
City Facility-Major Maint. Fund	\$348,525	\$99,757	28.6%	\$90,000	\$6,023	6.7%	\$93,734	1556.3%
Roads Capital Fund	\$23,749,289	\$7,572,126	31.9%	\$23,603,999	\$6,302,435	26.7%	\$1,269,691	20.1%
Surface Water Utility Fund	\$6,180,934	\$1,979,881	32.0%	\$5,602,951	\$1,824,059	32.6%	\$155,822	8.5%
Vehicle Operations/ Maint. Fund	\$278,950	\$84,697	30.4%	\$245,273	\$62,573	25.5%	\$22,124	35.4%
Equipment Replacement Fund	\$954,714	\$27,324	2.9%	\$269,253	\$0	0.0%	\$27,324	0.0%
Unemployment Fund	\$17,500	\$946	5.4%	\$17,500	\$0	0.0%	\$946	0.0%
Totals	\$79,148,803	\$23,330,338	29.5%	\$77,687,846	\$26,070,009	33.6%	-\$2,739,671	-10.5%
Transportation Benefit District	\$796,300	\$332,500	41.8%	\$788,613	\$634,340	80.4%	-\$301,840	-47.6%

GENERAL FUND REVENUE DETAIL

Revenue Source	2015 Current Budget	2015 Second Quarter Actual Revenue	2015 % of Current Budget Received	2014 Current Budget	2014 Second Quarter Actual Revenue	2014 % of Current Budget Received	2015 v. 2014 \$ Change	2015 v. 2014 % Change
Budgeted Fund Balance	\$2,503,743	\$0	0.0%	\$2,536,444	\$0	0.0%	\$0	0.0%
Property Tax	\$10,570,659	\$5,650,719	53.5%	\$10,245,815	\$5,420,438	52.9%	\$230,281	4.2%
Sales Tax	\$7,320,000	\$3,140,737	42.9%	\$6,739,000	\$2,996,802	44.5%	\$143,935	4.8%
Local Criminal Justice	\$1,276,154	\$654,745	51.3%	\$1,224,532	\$607,670	49.6%	\$47,075	7.7%
Utility Tax and Franchise Fee Revenue								
Natural Gas	\$889,590	\$442,997	49.8%	\$889,590	\$504,160	56.7%	-\$61,163	-12.1%
Garbage	\$538,648	\$135,102	25.1%	\$528,086	\$132,399	25.1%	\$2,703	2.0%
Cable TV	\$1,760,845	\$626,842	35.6%	\$1,658,749	\$507,973	30.6%	\$118,869	23.4%
Telecommunications	\$1,503,000	\$466,430	31.0%	\$1,569,095	\$509,814	32.5%	-\$43,384	-8.5%
Storm Drainage	\$214,571	\$91,457	42.6%	\$207,697	\$112,903	54.4%	-\$21,446	-19.0%
Water	\$754,197	\$222,966	29.6%	\$754,197	\$209,825	27.8%	\$13,141	6.3%
Sewer	\$834,002	\$416,000	49.9%	\$809,711	\$404,000	49.9%	\$12,000	3.0%
Utility Tax and Franchise Fee Revenue Subtotal	\$6,494,853	\$2,401,794	37.0%	\$6,417,125	\$2,381,074	37.1%	\$20,720	0.9%
SCL Contract Payment	\$1,993,063	\$709,251	35.6%	\$1,912,728	\$770,128	40.3%	-\$60,877	-7.9%
Gambling Tax Revenue	\$1,586,625	\$389,927	24.6%	\$1,569,125	\$554,535	35.3%	-\$164,608	-29.7%
Development Revenue	\$1,319,750	\$783,353	59.4%	\$1,211,750	\$832,845	68.7%	-\$49,492	-5.9%
Park and Recreation Revenue	\$1,603,216	\$810,537	50.6%	\$1,537,541	\$731,549	47.6%	\$78,988	10.8%
Intergovernmental Revenue	\$894,991	\$398,399	44.5%	\$865,015	\$390,531	45.1%	\$7,868	2.0%
Grant Revenue	\$319,101	\$78,939	24.7%	\$308,306	\$30,535	9.9%	\$48,404	158.5%
Fines and Licenses	\$644,000	\$114,939	17.8%	\$835,053	\$135,830	16.3%	-\$20,891	-15.4%
Miscellaneous Revenue	\$574,665	\$242,917	42.3%	\$431,479	\$259,081	60.0%	-\$16,164	-6.2%
Interest Income	\$70,600	\$32,229	45.7%	\$30,000	\$14,055	46.9%	\$18,174	129.3%
Operating Transfers In	\$981,014	\$490,508	50.0%	\$979,100	\$484,550	49.5%	\$5,958	1.2%
Total General Fund Revenue	\$38,152,434	\$15,898,994	41.7%	\$36,843,013	\$15,609,623	42.4%	\$289,371	1.9%

GENERAL FUND REVENUE ANALYSIS:

TOTAL GENERAL FUND REVENUE

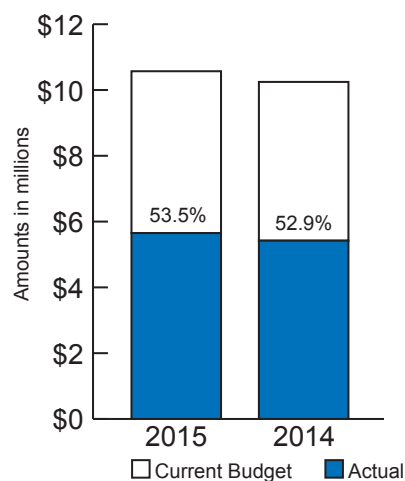


2015 Current Budget	\$38,152,434
2015 Second Quarter Actual Revenue	\$15,898,994
2015 % of Current Budget Received	41.7%
2014 Current Budget	\$36,843,013
2014 Second Quarter Actual Revenue	\$15,609,623
2014 % of Current Budget Received	42.4%
2015 v. 2014 Second Quarter \$ Change	\$289,371
2015 v. 2014 Second Quarter % Change	1.9%

Total general fund revenue received through the second quarter of 2015 totals \$15,898,994 and reflects a year-over-year increase of \$289,371, or 1.9%. The following highlights the most important details of this report:

- Property tax receipts are 4.2% higher than those for 2014.
- Utility tax and franchise fee revenues grew over last year by 0.9%. The year-over-year change would be 2.0% had payments been received on time in the natural gas and water categories in 2013 and cable TV category in 2014.
- Gambling tax receipts declined from the prior year by \$164,608 or 29.7%. Pull-tab activity increased year-over-year while cardroom activity declined. During 2014 one additional tax payment was received during the first half of the year. The closure of Drift on Inn last year contributed to the decrease.
- The year-over-year decrease of \$49,492 in development revenue is attributable to higher level of activity in 2014 for fire system permits, plumbing permits, and land use/SEPA reviews.
- The year-over-year change for intergovernmental revenue receipts is largely due to unanticipated receipts from the distribution of liquor excise taxes.

PROPERTY TAX

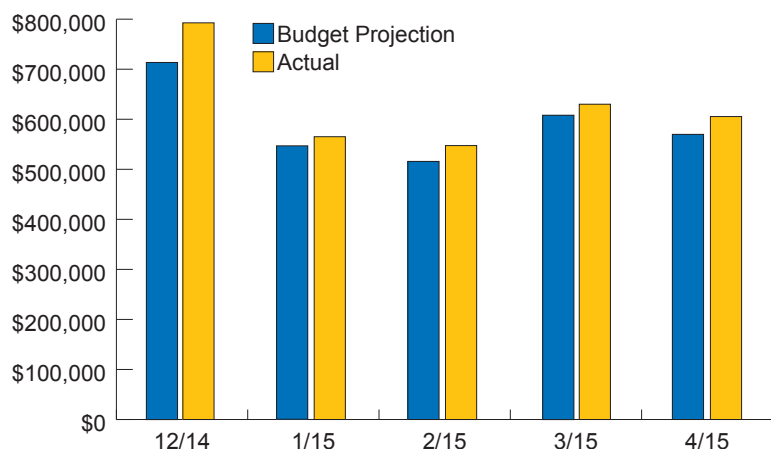


2015 Current Budget	\$10,570,659
2015 Second Quarter Actual Revenue	\$5,650,719
2015 % of Current Budget Received	53.5%
2014 Current Budget	\$10,245,815
2014 Second Quarter Actual Revenue	\$5,420,438
2014 % of Current Budget Received	52.9%
2015 v. 2014 Second Quarter \$ Change	\$230,281
2015 v. 2014 Second Quarter % Change	4.2%

In addition to the budget variance noted above, property tax receipts are greater than the year-to-date projection by \$97,903, or 1.8%. During the first two quarters of 2015 the City has received \$168,724 in delinquent taxes from previous years that were not factored into the budget projection.

GENERAL FUND REVENUE ANALYSIS (continued):

SALES TAX



2015 Current Budget		\$7,320,000
Sales tax revenue: December 2014 - April 2015		
Sales Activity	Projected	Actual
December 2014	\$713,638	\$792,683
January 2015	\$546,336	\$565,161
February 2015	\$515,769	\$547,403
March 2015	\$608,209	\$630,073
April 2015	\$569,822	\$605,418
Year to date	\$2,953,773	\$3,140,737
\$ Variance		\$186,964
% Variance		6.3%

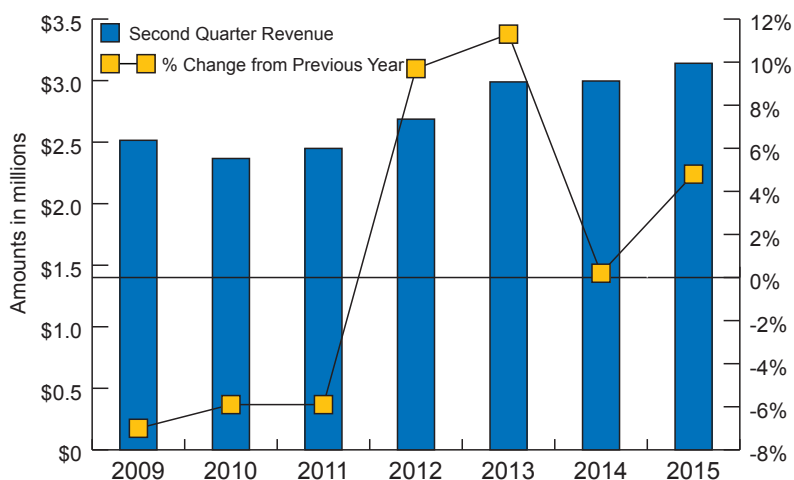
Sales tax receipts through June reflect activity from December 2014 through April 2015 and total \$3,140,737 and are above the budget projection by \$186,964, or 6.3%, revised year-to-date projection by \$93,205, or 3.1%, and above 2013 collections by \$143,935, or 4.8%. Staff's projection does not factor in the impact of one-time activity in the construction sector, which totaled \$74,674.

Receipts from the retail trade sector total \$1,984,114 and are higher than the budget projection by 4.8% and the year-ago level by 8.0%. There continues to be significant growth in receipts from new car dealers (in the motor vehicle and parts dealer category) since 2011. There is a significantly higher level of activity in the building material and garden category and higher level of activity in almost all of the other categories compared to the prior two years.

Receipts from the construction sector total \$417,634 and are higher than the budget projection by 17.7% but lower than the year-ago level by 2.0%. Of the amount collected through June, one-time activity accounted for \$74,674, or 17.9%, in 2015, \$73,968, or 17.3%, in 2014, \$239,724, or 43.8%, in 2013 and \$279,579, or 61.7%, in 2012. It appears that one-time projects that have been tracked through this report for the last few years have come to a close. Removing one-time activity from the calculation reveals a year-over-year increase of 13.6%.

The tables on the following page help illustrate the performance of various sectors. The first table presents a condensed view of the four primary categories of construction, retail trade, hotels and restaurants, and all others. The second table presents a breakdown of the retail trade category and highlights specific industry economic performance in comparison to previous years.

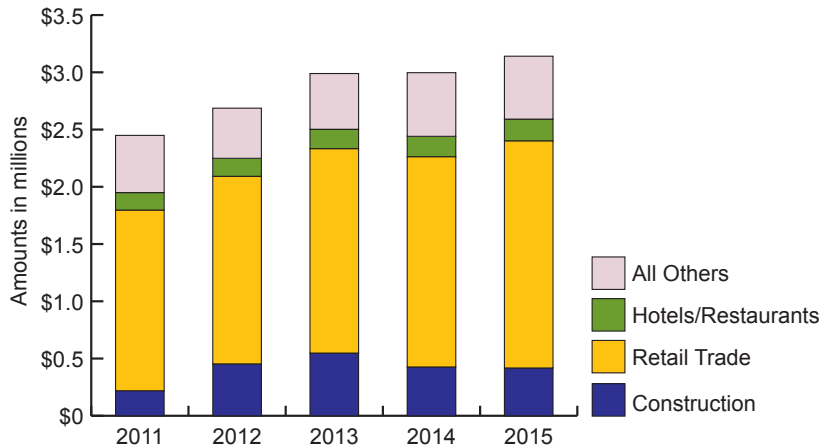
Second Quarter Sales Tax Revenue Comparison



Year	Second Quarter Revenue	% Change from Previous Year
2009	\$2,514,978	-7.0%
2010	\$2,367,206	-5.9%
2011	\$2,449,079	-5.9%
2012	\$2,686,899	9.7%
2013	\$2,989,414	11.3%
2014	\$2,996,802	0.2%
2015	\$3,140,737	4.8%

GENERAL FUND REVENUE ANALYSIS (continued):

SALES TAX BY CATEGORY - Second Quarter 2015

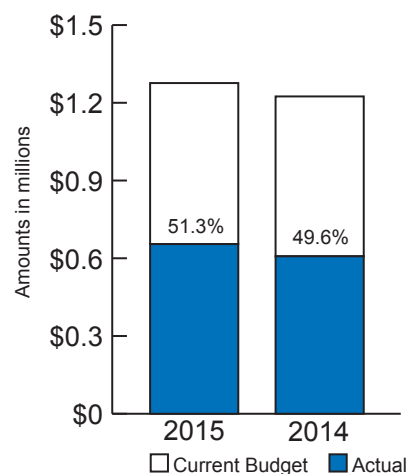


RETAIL SECTOR	2011	2012	2013	2014	2015
Construction	\$219,122	\$453,298	\$547,618	\$426,346	\$417,634
Retail Trade	\$1,577,560	\$1,638,357	\$1,785,747	\$1,836,766	\$1,984,114
Hotel and Restaurant	\$152,741	\$157,154	\$169,076	\$177,728	\$189,333
All Others	\$499,656	\$438,090	\$486,973	\$555,962	\$549,656
Total	\$2,449,079	\$2,686,899	\$2,989,414	\$2,996,802	\$3,140,737
\$ Change from previous year	\$81,873	\$237,820	\$302,515	\$7,388	\$143,935
% Change from previous year	3.5%	9.7%	11.3%	0.2%	4.8%

SALES TAX BY CATEGORY									
Retail Trade	2011 Dec-April	2012 Dec-April	2012 v. 2011 \$ Change	2013 Dec-April	2013 v. 2012 \$ Change	2014 Dec-April	2014 v. 2013 \$ Change	2015 Dec-April	2015 v. 2014 \$ Change
Motor Vehicle/Parts Dealer	\$383,068	\$412,438	\$29,370	\$459,052	\$46,614	\$500,090	\$41,038	\$544,247	\$44,157
Furniture, Home Furnishings	\$25,366	\$21,743	-\$3,623	\$22,525	\$782	\$26,705	\$4,180	\$22,164	-\$4,541
Electronics and Appliances	\$29,136	\$41,521	\$12,385	\$37,660	-\$3,861	\$37,247	-\$413	\$44,337	\$7,090
Building Materials, Garden	\$198,431	\$204,228	\$5,797	\$249,927	\$45,699	\$247,899	-\$2,028	\$318,992	\$71,093
Food and Beverage Stores	\$105,677	\$105,847	\$170	\$105,461	-\$386	\$104,808	-\$653	\$110,241	\$5,433
Health/Personal Care Store	\$53,691	\$63,890	\$10,199	\$67,751	\$3,861	\$70,264	\$2,513	\$83,629	\$13,365
Gasoline Stations	\$28,490	\$29,406	\$916	\$29,686	\$280	\$29,486	-\$200	\$30,729	\$1,243
Clothing and Accessories	\$15,358	\$19,090	\$3,732	\$20,486	\$1,396	\$20,810	\$324	\$24,800	\$3,990
Sporting Goods, Hobby, Books	\$35,510	\$35,445	-\$65	\$33,821	-\$1,624	\$36,146	\$2,325	\$37,418	\$1,272
General Merchandise Stores	\$546,464	\$543,082	-\$3,382	\$583,267	\$40,185	\$574,845	-\$8,422	\$587,343	\$12,498
Miscellaneous Store Retailers	\$109,607	\$107,380	-\$2,227	\$110,388	\$3,008	\$112,102	\$1,714	\$98,635	-\$13,467
Nonstore Retailers	\$46,762	\$54,287	\$7,525	\$65,723	\$11,436	\$76,364	\$10,641	\$81,579	\$5,215
Total Revenue	\$1,577,560	\$1,638,357	\$60,797	\$1,785,747	\$147,390	\$1,836,766	\$51,019	\$1,984,114	\$147,348

GENERAL FUND REVENUE ANALYSIS (continued):

LOCAL CRIMINAL JUSTICE SALES TAX

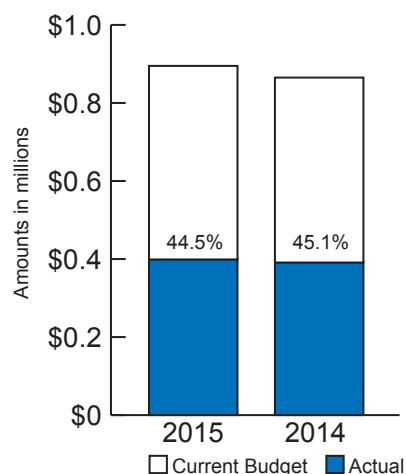


2015 Current Budget	\$1,276,154
2015 Second Quarter Actual Revenue	\$654,745
2015 % of Current Budget Received	51.3%
2014 Current Budget	\$1,224,532
2014 Second Quarter Actual Revenue	\$607,670
2014 % of Current Budget Received	49.6%
2015 v. 2014 Second Quarter \$ Change	\$47,075
2015 v. 2014 Second Quarter % Change	7.7%

Local criminal justice sales tax receipts through June, in the amount of \$654,745, are \$47,075, or 7.7%, more than the year-ago level. Thus far this year 51.3% of the amount budgeted has been received as compared to 49.6% received during the same period last year. In addition to the prior year variance, receipts are \$28,659, or 4.6%, more than the year-to-date projection.

The result for local criminal justice sales tax receipts is not commensurate with the result for sales tax receipts because the distribution of local criminal justice sales tax is based on the city's population and the amount of sales tax collected throughout all of King County.

INTERGOVERNMENTAL REVENUE

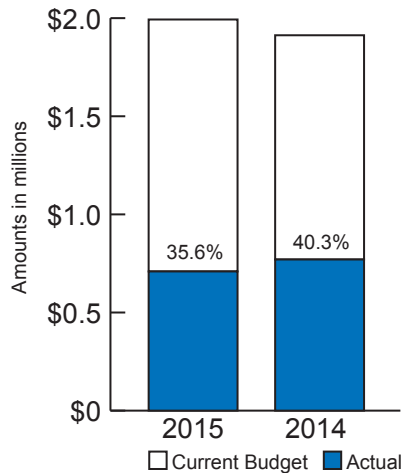


2015 Current Budget	\$894,991
2015 Second Quarter Actual Revenue	\$398,399
2015 % of Current Budget Received	44.5%
2014 Current Budget	\$865,015
2014 Second Quarter Actual Revenue	\$390,531
2014 % of Current Budget Received	45.1%
2015 v. 2014 Second Quarter \$ Change	\$7,868
2015 v. 2014 Second Quarter % Change	2.0%

Intergovernmental revenue sources are comprised primarily of funding for criminal justice programs, liquor excise tax, and liquor board profits. Receipts through June, in the amount of \$398,399, are \$7,868, or 2.0%, more than the year-ago level. In addition to the prior year variance, receipts are \$10,188, or 2.6%, more than the year-to-date projection. Both differences are largely due to unanticipated receipts from the distribution of liquor excise taxes.

GENERAL FUND REVENUE ANALYSIS (continued):

SEATTLE CITY LIGHT CONTRACT PAYMENT

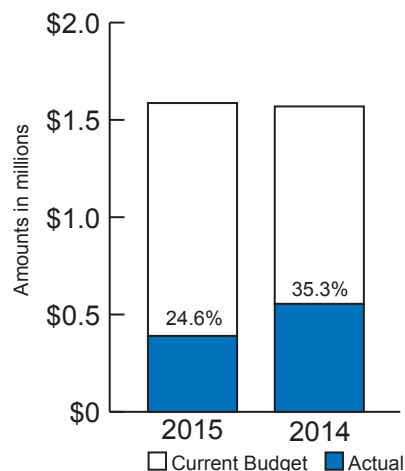


2015 Current Budget	\$1,993,063
2015 Second Quarter Actual Revenue	\$709,251
2015 % of Current Budget Received	35.6%
2014 Current Budget	\$1,912,728
2014 Second Quarter Actual Revenue	\$770,128
2014 % of Current Budget Received	40.3%
2015 v. 2014 Second Quarter \$ Change	-\$60,877
2015 v. 2014 Second Quarter % Change	-7.9%

Receipts through June, in the amount of \$709,251, are \$60,877, or 7.9%, less than the year-ago level. In addition to the year-over-year change, receipts are \$131,017, or 15.6%, less than the year-to-date projection. Staff will be revising the year-end estimate through the 2016 budget process.

GENERAL FUND REVENUE ANALYSIS (continued):

GAMBLING TAX REVENUE



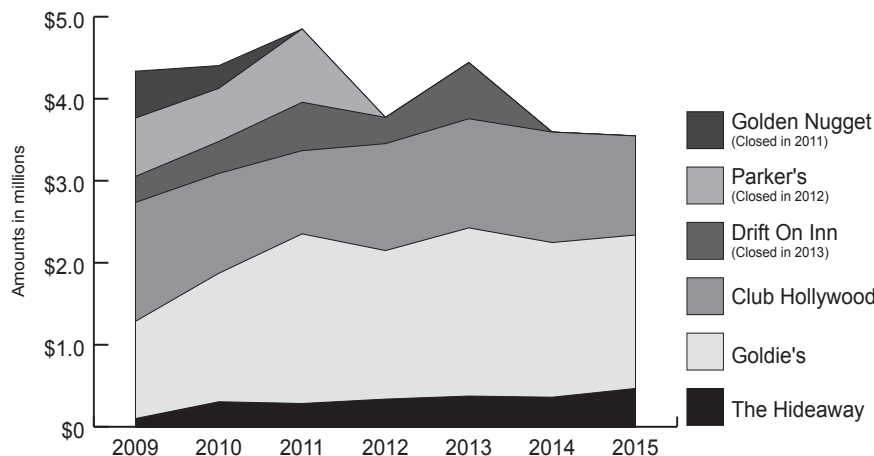
2015 Current Budget	\$1,586,625
2015 Second Quarter Actual Revenue	\$389,927
2015 % of Current Budget Received	24.6%
2014 Current Budget	\$1,569,125
2014 Second Quarter Actual Revenue	\$554,535
2014 % of Current Budget Received	35.3%
2015 v. 2014 Second Quarter \$ Change	-\$164,608
2015 v. 2014 Second Quarter % Change	-29.7%

Gambling tax receipts presented in this report largely reflect only those taxes calculated on first quarter gambling activity, since second quarter gambling tax returns are not due to the City until July 30. Card rooms pay ten percent of gross yearly receipts over \$10,000.

Receipts attributable to taxes on gambling activity reported through the second quarter, in the amount of \$387,563 are slightly lower (-0.2%) than the year-ago level and 4.0% lower than the year-to-date projection. Total receipts, inclusive of taxes on gambling activity and payments on promissory notes, in the amount of \$389,927, are lower than 2014 collections because the promissory note with Goldie's Shoreline Casino required monthly payments of gambling taxes rather than quarterly payments which resulted in an extra month's worth of activity being reported in the first half of 2014.

Pull-tab activity increased year-over-year while cardroom activity declined. All activity ceased at Drift on Inn early in the third quarter of 2013, which contributed to the additional loss of revenue; however, pull-tab activity fully returned in the second quarter of 2014 and card room activity returned for only one tournament in the third quarter of 2014. The chart below exhibits the last seven years of gross receipts reported by card rooms in Shoreline.

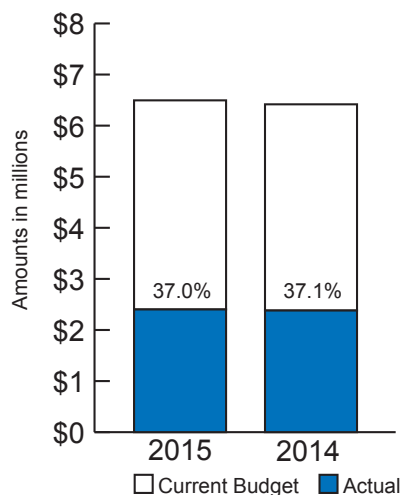
CARD ROOM RECEIPTS 2009-2015



Card Room Gross Receipts First and Second Quarters Activity 2009-2015			% Change from Previous Year
Year			
2009	\$4,335,807		-8.5%
2010	\$4,404,379		1.6%
2011	\$4,850,692		10.1%
2012	\$3,772,590		-22.2%
2013	\$4,440,992		17.7%
2014	\$3,593,688		-19.1%
2015	\$3,546,624		-1.3%

GENERAL FUND REVENUE ANALYSIS (continued):

UTILITY TAX AND FRANCHISE FEE



2015 Current Budget	\$6,494,853
2015 Second Quarter Actual Revenue	\$2,401,794
2015 % of Current Budget Received	37.0%
2014 Current Budget	\$6,417,125
2014 Second Quarter Actual Revenue	\$2,381,074
2014 % of Current Budget Received	37.1%
2015 v. 2014 Second Quarter \$ Change	\$20,720
2015 v. 2014 Second Quarter % Change	0.9%

Overall utility tax and franchise fee receipts, in the amount of \$2,401,794, are \$20,720, or 0.9%, more than the year-ago level. In addition to the year-over-year change, receipts are \$42,669, or 1.8%, higher than the year-to-date projection.

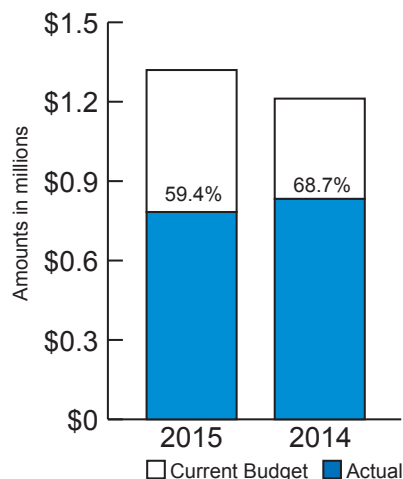
Natural gas tax receipts are 12.1% lower than those collected during the same period in 2014. Lower monthly payments point to reduced demand for natural gas, perhaps due to a mild winter and spring. Garbage tax receipts are 2.0% higher than those collected during the same period in 2014. Cable television tax receipts are 23.4% higher than those collected during the same period in 2014 because Comcast's May 2014 utility tax payment was not received until July. Had that payment been received on time receipts through the second quarter of 2015 would be 7.8% higher than the year-ago level. Telecommunications tax receipts decreased from 2014 collections by 8.5% but are higher than the year-to-date projection by 3.8%. We have seen a steady decrease in this category of the past few years. Water franchise fee receipts are 6.3% higher than those collected during the same period in 2014. Staff may revise the year-end estimates for some of these revenue sources through the 2016 budget process.

It is important to note that activity through the second quarter of 2015 and 2014 presented in this report does not reflect second quarter payments for the garbage utility tax and water and cable franchise fees. Second quarter payments for these items are typically received in late July.

Revenue Source	2015 Current Budget	2015 Second Quarter Actual Revenue	2015 % of Current Budget Received	2014 Current Budget	2014 Second Quarter Actual Revenue	2014 % of Current Budget Received	2015 v. 2014 \$ Change	2015 v. 2014 % Change
Natural gas	\$889,590	\$442,997	49.8%	\$889,590	\$504,160	56.7%	-\$61,163	-12.1%
Garbage	\$538,648	\$135,102	25.1%	\$528,086	\$132,399	25.1%	\$2,703	2.0%
Cable TV	\$1,760,845	\$626,842	35.6%	\$1,658,749	\$507,973	30.6%	\$118,869	23.4%
Telecommunications	\$1,503,000	\$466,430	31.0%	\$1,569,095	\$509,814	32.5%	-\$43,384	-8.5%
Storm Drainage	\$214,571	\$91,457	42.6%	\$207,697	\$112,903	54.4%	-\$21,446	-19.0%
Water	\$754,197	\$222,966	29.6%	\$754,197	\$209,825	27.8%	\$13,141	6.3%
Sewer	\$834,002	\$416,000	49.9%	\$809,711	\$404,000	49.9%	\$12,000	3.0%
Utility Tax and Franchise Fee Revenue Subtotal	\$6,494,853	\$2,401,794	37.0%	\$6,417,125	\$2,381,074	37.1%	\$20,720	0.9%

GENERAL FUND REVENUE ANALYSIS (continued):

DEVELOPMENT REVENUE



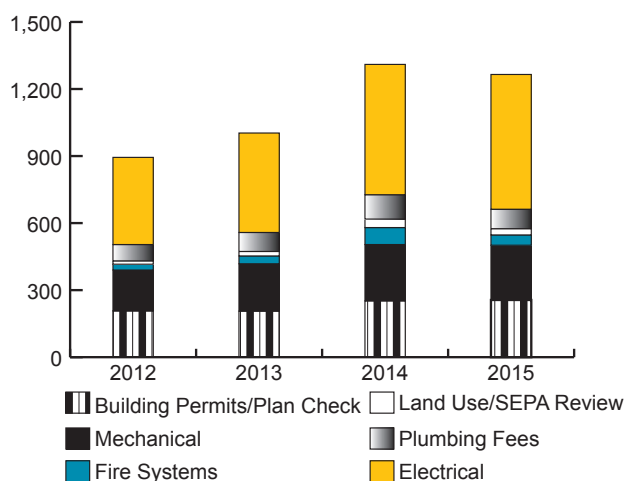
2015 Current Budget	\$1,319,750
2015 Second Quarter Actual Revenue	\$783,353
2015 % of Current Budget Received	59.4%
2014 Current Budget	\$1,211,750
2014 Second Quarter Actual Revenue	\$832,845
2014 % of Current Budget Received	68.7%
2015 v. 2014 Second Quarter \$ Change	-\$49,492
2015 v. 2014 Second Quarter % Change	-5.9%

Development revenue receipts, in the amount of \$783,353, exhibit a year-over-year decrease of \$49,492 or 5.9% but are \$65,543, or 9.1%, more than the year-to-date projection. Local development activity in 2015, in terms of the number of building permits pulled for new construction and remodels as well as their valuation in 2015 are higher than the year-ago level.

Valuation of 155 building permits for new construction and remodels issued through June totals \$37.0 million and is comprised 29.4% of residential and 70.6% commercial/multi-family valuation. The majority of the commercial/multi-family valuation is for the Centerpointe Apartments, which includes 163 units valued at \$21.7 million.

Thus far in 2015, 23 more permits have been issued for new single-family residences with a value that is \$0.5 million less, as compared to the year-ago level. There have been 13 fewer permits issued for commercial/multi-family construction (new and remodels), with a value that is \$17.2 million more, than the year-ago level.

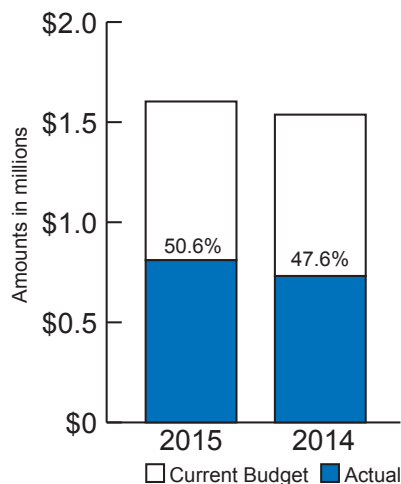
PERMITS BY TYPE January through June 2012–2015



PERMIT TYPE	2012	2013	2014	2015
Building Permits/Plan Check	207	206	252	256
Mechanical	183	212	252	245
Fire Systems	26	35	76	46
Land Use/SEPA Review	15	20	38	28
Plumbing	73	85	109	87
Electrical	390	445	583	603
Total	894	1,003	1,310	1,265

GENERAL FUND REVENUE ANALYSIS (continued):

PARK AND RECREATION REVENUE

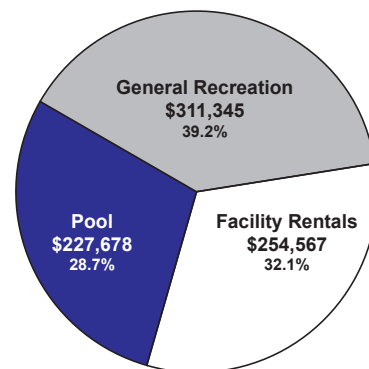


2015 Current Budget	\$1,603,216
2015 Second Quarter Actual Revenue	\$810,537
2015 % of Current Budget Received	50.6%
2014 Current Budget	\$1,537,541
2014 Second Quarter Actual Revenue	\$731,549
2014 % of Current Budget Received	47.6%
2015 v. 2014 Second Quarter \$ Change	\$78,988
2015 v. 2014 Second Quarter % Change	10.8%

Park and recreation revenue receipts, in the amount of \$810,537, are \$78,988, or 10.8%, higher than the year-ago level and \$109,505, or 15.6%, higher than the year-to-date projection. Compared to the first half of 2014, the first half of 2015 witnessed an increase in revenues from the pool by 9.4%, mostly due to increased registrations, and facility rentals by 13.2%, mostly due to increased rentals of athletic fields. General recreation receipts showed an increase of 9.1% over the same period in 2014, mostly due to increased participation in class offerings for specialized recreation classes and youth arts, as well as increased participation in the summer playground.

Recreation Revenue by Program Area: January - September 2008 - 2015*

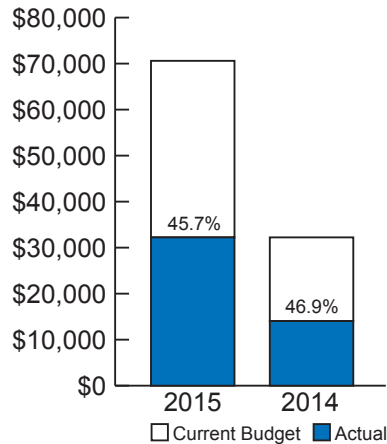
Year	General Recreation*	General Recreation % of Total	Pool	Pool % of Total	Facility Rentals	Facility Rentals % of Total	Total Revenue
2008	\$235,679	38.2%	\$222,352	36.0%	\$159,599	25.8%	\$617,630
2009	\$218,921	34.1%	\$212,571	33.1%	\$211,292	32.9%	\$642,784
2010	\$269,102	39.4%	\$203,074	29.7%	\$211,343	30.9%	\$683,519
2011	\$268,804	37.2%	\$214,604	29.7%	\$238,778	33.1%	\$722,186
2012	\$255,050	38.7%	\$178,782	27.1%	\$224,922	34.1%	\$658,754
2013	\$251,268	37.3%	\$179,073	26.6%	\$243,169	36.1%	\$673,510
2014	\$285,469	39.7%	\$208,075	29.0%	\$224,773	31.3%	\$718,317
2015	\$311,345	39.2%	\$227,678	28.7%	\$254,567	32.1%	\$793,590



* Excludes non-program revenue such as cell tower rental fees and special event sponsorships.

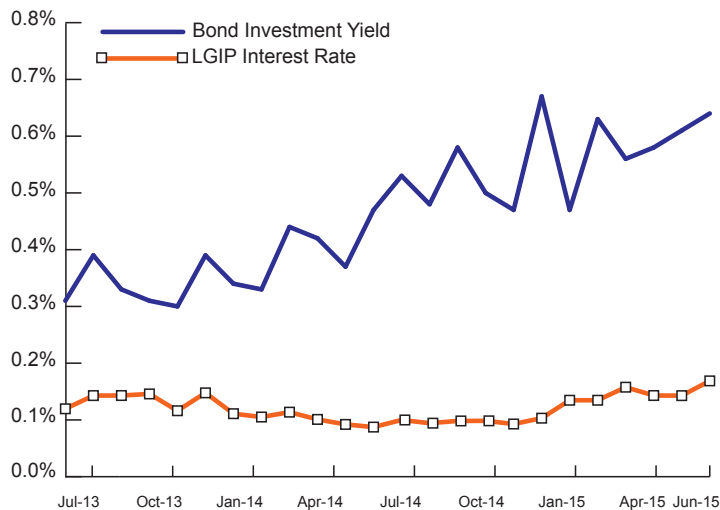
GENERAL FUND REVENUE ANALYSIS (continued):

INVESTMENT INCOME



2015 Current Budget	\$70,600
2015 Second Quarter Actual Revenue	\$32,229
2015 % of Current Budget Received	45.7%
2014 Current Budget	\$30,000
2014 Second Quarter Actual Revenue	\$14,055
2014 % of Current Budget Received	46.9%
2015 v. 2014 Second Quarter \$ Change	\$18,174
2015 v. 2014 Second Quarter % Change	129.3%

Investment earnings through June totaled \$32,229 and are higher than the year-ago level by \$18,174, or 129.3%.

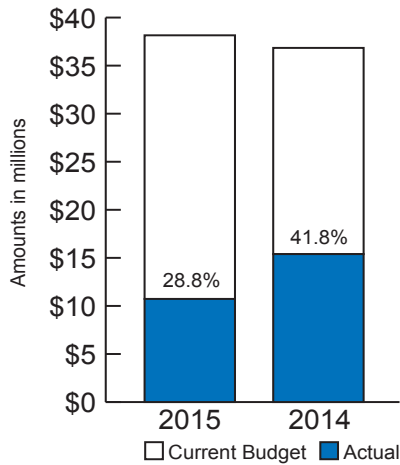


Month	LGIP* Interest Rate	Bond Investment Yield
7/31/13	0.1196%	0.3100%
8/31/13	0.1429%	0.3900%
9/30/13	0.1430%	0.3300%
10/31/13	0.1458%	0.3100%
11/30/13	0.1162%	0.3000%
12/31/13	0.1477%	0.3900%
1/31/14	0.1110%	0.3400%
2/29/14	0.1051%	0.3300%
3/31/14	0.1137%	0.4400%
4/30/14	0.1009%	0.4200%
5/31/14	0.0921%	0.3700%
6/30/14	0.0874%	0.4700%
7/31/14	0.0999%	0.5300%
8/31/14	0.0943%	0.4800%
9/30/14	0.0982%	0.5800%
10/31/14	0.0984%	0.5000%
11/30/14	0.0928%	0.4700%
12/31/14	0.1031%	0.6700%
1/31/15	0.1347%	0.4700%
2/28/15	0.1347%	0.6300%
3/31/15	0.1577%	0.5600%
4/31/15	0.1430%	0.5800%
5/28/15	0.1428%	0.6100%
6/31/15	0.1688%	0.6400%
24 Mo. Avg.	0.1206%	0.4633%

*Local Government Investment Pool

EXPENDITURE ANALYSIS

GENERAL FUND EXPENDITURES



2015 Current Budget	\$38,152,434
2015 Second Quarter Actual Expenditures	\$10,726,814
2015 % of Current Budget Expended	28.8%
2014 Current Budget	\$36,843,011
2014 Second Quarter Actual Expenditures	\$15,393,366
2014 % of Current Budget Expended	41.8%
2015 v. 2014 Second Quarter \$ Change	-\$4,666,552
2015 v. 2014 Second Quarter % Change	-30.3%

General fund departmental expenditures through the second quarter of 2015, in the amount of \$9,947,567, are \$3,649,506, or 26.8%, lower than the year-ago level. This is largely due to the timing of billing from King County Sheriff's Office for the police contract. Invoices for the months of January through May totaling nearly \$4.3 million were not received and paid until July. Had these payments been made in June, like last year, we would have been at 39.8% of current budget or 4.8% over last year. General fund transfers out, of \$779,247 are \$1,017,046, or 56.6%, lower than the year-ago level. There were two significant one-time transfers that occurred during 2014 totaling \$800,000: \$300,000 for a grant matching pool and \$500,000 to support the annual roads surface maintenance program.

In addition to the year-over-year change, general fund departmental expenditures are \$334,105, or 3.2%, less than the year-to-date projection. This is mostly from salary and benefit savings due to position vacancies. Expenditures including transfers out are 3.0% below the year-to-date projection.

Department	2015 Current Budget	2015 Second Quarter Actual Expenditures	2015 % of Current Budget Expended	2014 Current Budget	2014 Second Quarter Actual Expenditures	2014 % of Current Budget Expended	2015 v. 2014 \$ Change	2015 v. 2014 % Change
City Council	\$228,226	\$111,557	48.9%	\$221,089	\$119,231	53.9%	-\$7,674	-6.4%
City Manager's Office ¹	\$2,263,794	\$954,711	42.2%	\$2,158,535	\$854,837	39.6%	\$99,873	11.7%
City Attorney	\$611,384	\$261,461	42.8%	\$593,787	\$249,009	41.9%	\$12,452	5.0%
Community Services ²	\$1,596,656	\$586,484	36.7%	\$1,564,288	\$617,721	39.5%	-\$31,236	-5.1%
Administrative Services ³	\$4,132,944	\$1,786,333	43.2%	\$4,128,892	\$1,692,787	41.0%	\$93,547	5.5%
Citywide	\$1,933,297	\$684,818	35.4%	\$1,832,230	\$693,817	37.9%	-\$8,999	-1.3%
Human Resources	\$516,738	\$226,114	43.8%	\$442,810	\$220,579	49.8%	\$5,535	2.5%
Police	\$10,918,878	\$36,614	0.3%	\$10,703,332	\$4,311,021	40.3%	-\$4,274,407	-99.2%
Criminal Justice	\$2,581,291	\$837,789	32.5%	\$2,340,706	\$746,887	31.9%	\$90,901	12.2%
Parks, Recreation & Cultural Services	\$5,363,220	\$2,176,412	40.6%	\$5,020,693	\$2,099,920	41.8%	\$76,492	3.6%
Planning & Community Development	\$2,765,194	\$1,196,300	43.3%	\$2,705,095	\$1,127,358	41.7%	\$68,942	6.1%
Public Works	\$2,930,680	\$1,088,973	37.2%	\$2,442,806	\$863,906	35.4%	\$225,067	26.1%
Departmental Expenditures	\$35,842,302	\$9,947,567	27.8%	\$34,154,262	\$13,597,073	39.8%	-\$3,649,506	-26.8%
Operating Transfers Out	\$2,310,132	\$779,247	33.7%	\$2,688,749	\$1,796,293	66.8%	-\$1,017,046	-56.6%
Total Expenditures	\$38,152,434	\$10,726,814	28.1%	\$36,843,011	\$15,393,366	41.8%	-\$4,666,552	-30.3%

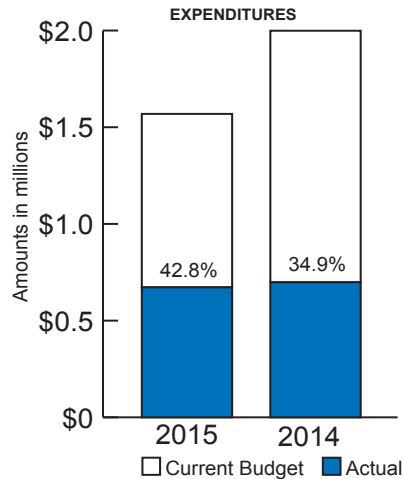
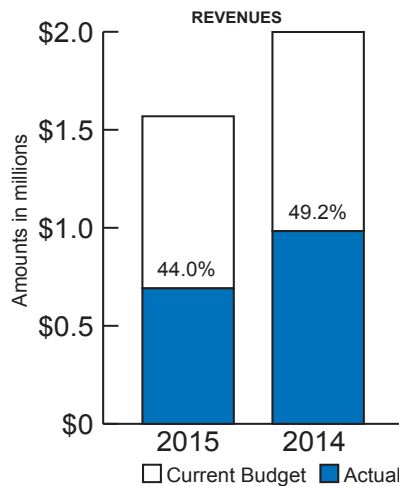
¹ City Manager's Office includes City Manager's Office, City Clerk, Communications, Intergovernmental Relations, Economic Development and Property Management.

² Community Services includes Emergency Management Planning, Neighborhoods, Human Services and the Customer Response Team.

³ Administrative Services includes Finance, Purchasing, Information Systems, and Fleet & Facilities.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

STREET FUND



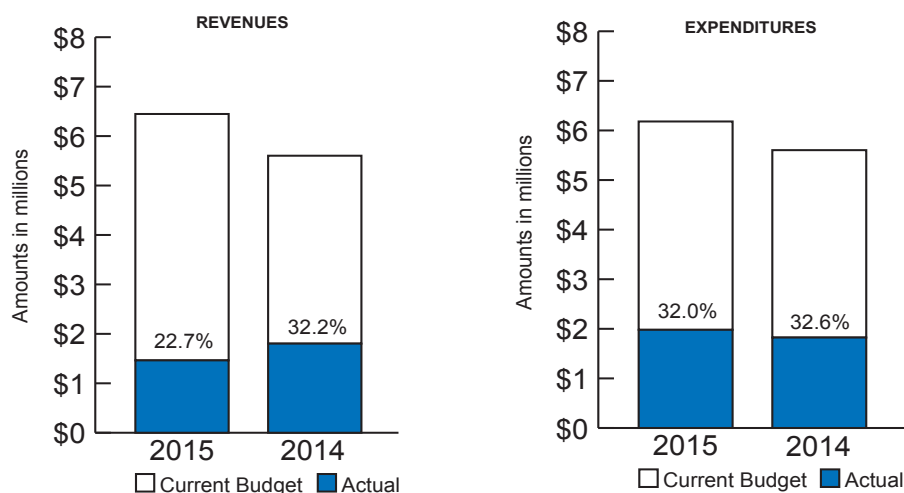
	Revenue	Expenditures
2015 Current Budget	\$1,569,007	\$1,569,007
2015 Second Quarter Actual	\$691,115	\$672,100
2015 % of Current Budget	44.0%	42.8%
2014 Current Budget	\$1,999,037	\$1,999,037
2014 Second Quarter Actual	\$983,290	\$698,400
2014 % of Current Budget	49.2%	34.9%
2015 v. 2014 Second Quarter \$ Change	-\$292,175	-\$26,300
2015 v. 2014 Second Quarter % Change	-29.7%	-3.8%

Receipts, including transfers in, through June totaled \$691,115 and are \$292,175, or 29.7%, lower than the year-ago level. This is mainly attributed to the decrease of general fund support to the street fund (through a transfer from general fund) as the expenditures for streetlights are now in traffic services in the general fund. Motor vehicle fuel tax revenue receipts for the second quarter of 2015 are \$529,358, 0.8%, more than the year-ago level.

Expenditures, including transfers out, through June totaled \$672,100 and are \$26,300, or 3.8%, less than the year-ago level. The decrease in expenditures is due to salary savings from a vacant position.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS (cont.):

SURFACE WATER UTILITY FUND



	Revenue	Expenditures
2015 Current Budget	\$6,446,918	\$6,180,934
2015 Second Quarter Actual	\$1,463,682	\$1,979,881
2015 % of Current Budget	22.7%	32.0%
2014 Current Budget	\$5,602,951	\$5,602,951
2014 Second Quarter Actual	\$1,802,992	\$1,824,059
2014 % of Current Budget	32.2%	32.6%
2015 v. 2014 Second Quarter \$ Change	-\$339,310	\$155,822
2015 v. 2014 Second Quarter % Change	-18.8%	8.5%

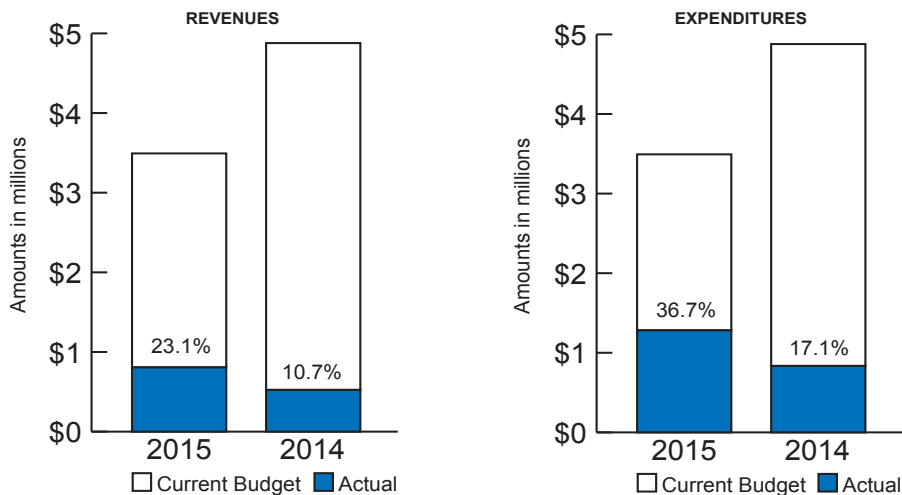
The surface water utility fund (SWM) includes on-going operational programs and capital projects with both being reflected in the total expenditures and revenues for the fund.

Receipts through June, in the amount of \$1,463,682, are \$339,310, or 18.8 %, lower than the year-ago level. SWM ongoing revenues include storm drainage fees and investment interest earnings. Storm drainage fees totaled \$1,437,347 and are \$349,983, or 19.6%, below the year-ago level. While the year-to-date revenues are behind 2014, 2015 seems to be following historic trends; that is, 2014's revenues receipts were distributed off trend, which led to 2015 year-to-date coming in lower than a year ago. Assuming no further timing differences, it is expected that the difference will decrease by the end of the third quarter.

Expenditures, including transfers out, through June totaled \$1,979,881 and are \$155,822, or 8.5%, more than the year-ago level. Capital projects are \$44,244, or 10.7%, more than the year-ago level and the operating programs are \$79,683, or 7.1%, higher than the year-ago levels. Expenditures differences between the current year and previous year are impacted by the timing of construction schedules.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS (cont.):

GENERAL CAPITAL FUND



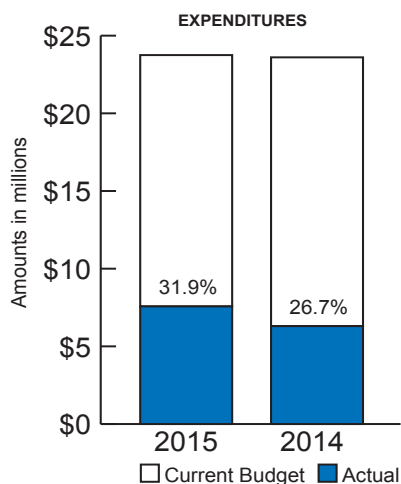
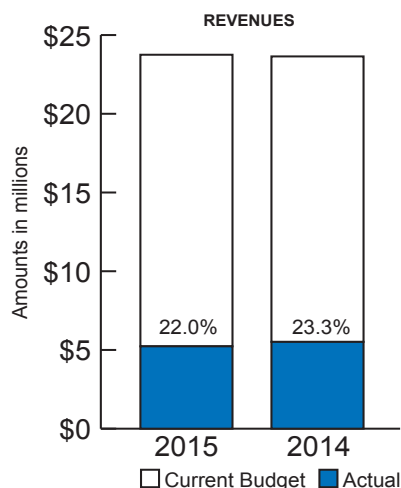
	Revenue	Expenditures
2015 Current Budget	\$3,492,919	\$3,492,919
2015 Second Quarter Actual	\$806,662	\$1,281,726
2015 % of Current Budget	23.1%	36.7%
2014 Current Budget	\$4,878,471	\$4,878,471
2014 Second Quarter Actual	\$524,096	\$835,021
2014 % of Current Budget	10.7%	17.1%
2015 v. 2014 Second Quarter \$ Change	\$282,566	\$446,705
2015 v. 2014 Second Quarter % Change	53.9%	53.5%

Receipts through June, in the amount of \$806,662, are \$282,566, or 53.9%, higher than the year-ago level. This increase is mainly attributed to an increase in REET. Investment earnings totaled \$1,500. Receipts from the King County Trail Levy totaling \$52,993 are above 2014 second quarter numbers by \$12,598, or 31.2%.

Expenditures through June, including transfers out, totaled \$1,281,726 and are \$446,705, or 53.5%, more than the same period in 2014. Expenditures are impacted by the timing of construction schedules. The increase this year is mostly attributable to the Saltwater Park Bridge Repair project.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS (cont.):

ROADS CAPITAL FUND



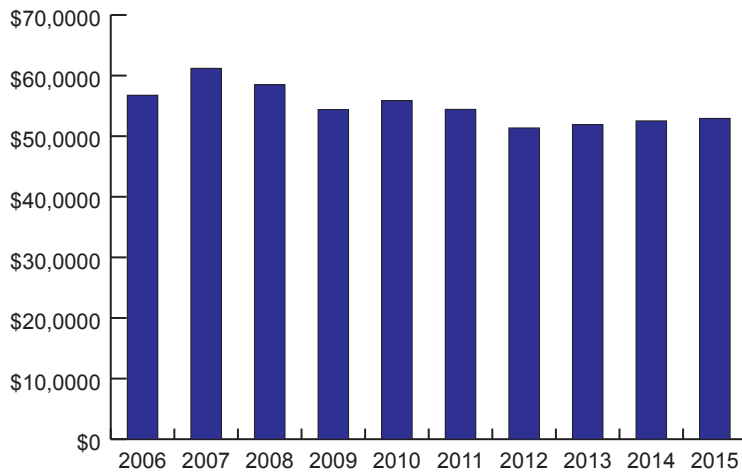
	Revenue	Expenditures
2015 Current Budget	\$23,749,289	\$23,749,289
2015 Second Quarter Actual	\$5,230,546	\$7,572,126
2015 % of Current Budget	22.0%	31.9%
2014 Current Budget	\$23,642,942	\$23,603,999
2014 Second Quarter Actual	\$5,512,582	\$6,302,435
2014 % of Current Budget	23.3%	26.7%
2015 v. 2014 Second Quarter \$ Change	-\$282,036	\$1,269,691
2015 v. 2014 Second Quarter % Change	-5.1%	20.1%

Receipts through June, in the amount of \$5,230,546, are \$282,036, or 5.1%, lower than the year-ago level. The decrease is due to the fact that part of the annual charge to TBD for Annual Road Surface Maintenance program was lower in 2015 than 2014. This charge is dependent upon the level of activity.

Expenditures through June, in the amount of \$7,572,126, are \$1,269,691, or 20.1%, higher than the year-ago level. Expenditures are impacted by the timing of construction schedules. This year the increase is primarily due to the Aurora Corridor Improvements project and the Annual Road Surface Maintenance program.

NON-GENERAL FUND REVENUE ANALYSIS:

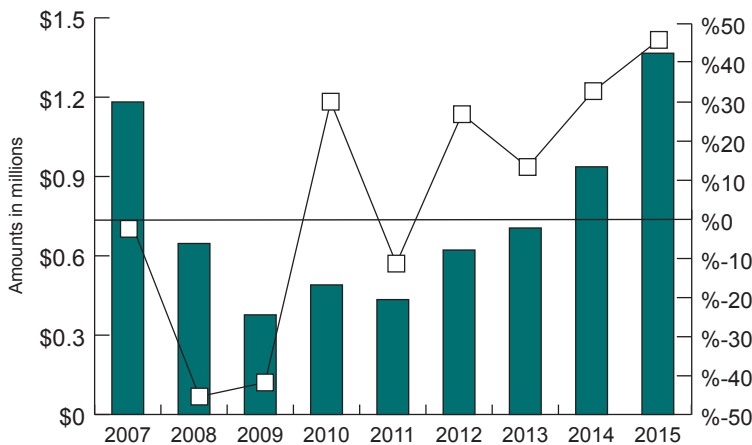
STREET FUND - FUEL TAX



Fuel Tax: Historical Second Quarter 2006-2015	
2006	\$567,577
2007	\$611,951
2008	\$584,780
2009	\$543,744
2010	\$558,745
2011	\$544,273
2012	\$513,598
2013	\$518,862
2014	\$525,271
2015	\$529,358

The motor vehicle fuel excise tax, commonly referred to as gas tax, is levied by the State on a per gallon basis, distributed monthly on a per capita basis to the City of Shoreline, and placed in the street fund. Fuel tax revenue receipts through June totaled \$529,358 and are \$4,087, or 0.8%, higher than the year-ago level.

REAL ESTATE EXCISE TAX (REET)



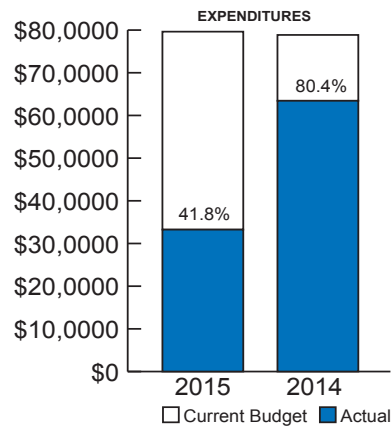
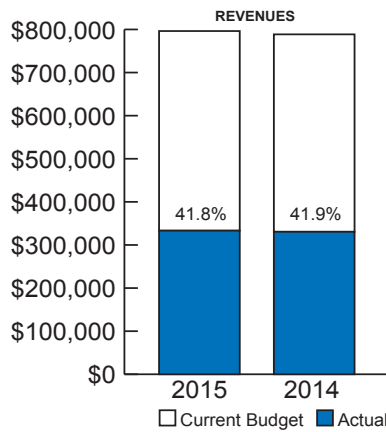
REET: Second Quarter Collected 2007-2015			
	Revenue	\$ Change from Previous Year	% Change from Previous Year
2007	\$1,181,604	-\$29,878	-2.5%
2008	\$646,678	-\$534,926	-45.3%
2009	\$376,842	-\$269,836	-41.7%
2010	\$490,104	\$113,262	30.1%
2011	\$434,516	-\$55,588	-11.3%
2012	\$621,962	\$131,858	26.9%
2013	\$705,296	\$83,331	13.4%
2014	\$936,710	\$231,414	32.8%
2015	\$1,366,206	\$429,496	45.9%

Real estate excise tax (REET) revenue receipts through June totaled \$1,366,206 and are \$429,496, or 45.9%, more than receipts for the same period in 2014. There were 125 more real estate transactions through the second quarter of 2015 than in the same period of 2014, with a transaction value of \$95.5 million more than 2014.

The difference in the value of real estate transactions is attributable to: (i) there being more transactions in 2015 (535 total) than in 2014 (410 total), and (ii) there being 19 high-value (\$1 million or more) transactions through the second quarter of 2015, six more than in the same period of 2014.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS (cont.):

TRANSPORTATION BENEFIT DISTRICT



	Revenue	Expenditures
2015 Current Budget	\$796,300	\$796,300
2015 Second Quarter Actual	\$333,225	\$332,500
2015 % of Current Budget	41.8%	41.8%
2014 Current Budget	\$788,613	\$788,613
2014 Second Quarter Actual	\$330,601	\$634,340
2014 % of Current Budget	41.9%	80.4%
2015 v. 2014 Second Quarter \$ Change	\$2,624	-\$301,840
2015 v. 2014 Second Quarter % Change	0.8%	-47.6%

Through the first six months of 2015, TBD vehicle license fees totaled \$332,839, which is \$2,416, or 0.7%, more than collections over the same period in 2014. Including the LGIP investment interest, total second quarter revenues equal \$333,225.

Expenditures, mostly consisting of charges for services by the Annual Road Surface Maintenance program, totaled \$332,500, which is \$301,840, or 47.6% less than the same period in 2014. The charges to TBD were based on actual expenditures in the Annual Road Surface Maintenance program and funds available in TBD for transfer.

INVESTMENT REPORT - Second Quarter June 30, 2015

The City's investment policy adheres to strict standards prescribed by federal law, state statutes, local ordinances, and allows the City to develop an investment model to maximize its investment returns within the primary objectives of safety and liquidity.

Our yield objectives are very important and, pursuant to policy, the basis used by the City to determine whether the market yields are being achieved is through the use of a comparable benchmark. Our benchmark has been identified as the current yield to maturity of the Washington State Local Government Investment Pool, which had been the City's primary mode of investment prior to adopting our Investment Policy. As of June 30, 2015, the City's investment portfolio, excluding the State Investment Pool, had a current weighted average rate of return of 1.0892%. This is 92 basis points better than the State Investment Pool's current rate of return of 0.1688%. Total investment interest earnings through June were \$43,823 which is about 37% of total budgeted 2015 investment earnings of \$118,013.

Over the past few years, we have seen interest rates decline significantly. The average yield on two year government agency bonds was 5.34% in January 2007. By the end of 2008 this rate was down to 1.1%. Rates continued to decline reaching a low of 0.39% at the end of December 2013.

We are now starting to see some recovery in interest rates as the rate at the end of June 2014 was 0.47% and at the end of June 2015 was 0.64%. The City continued to implement a ladder philosophy in its investment portfolio over the last year. This resulted in the City being able to hold some securities at a higher interest rate during the declining interest rate environment. For example an instrument purchased in June 2015 is yielding 1.187% and will not mature until June 2018. This rate of return is projected to be above the average projected rate of return from the State Pool over the same period. A ladder portfolio approach helps assure that the City will, in the long run, receive a market average rate of return.

As of June 2015, the City's investment portfolio had a fair value of nearly \$34.23 million. Approximately 23% of the investment portfolio was held in U.S. government instrumentality securities, and 77% was held in the Washington State Investment Pool. The City's investment portfolio valued at cost as of June 30, 2015, was slightly over \$34.19 million. The difference between the cost and the market value of the portfolio represents either the loss or the gain of the portfolio if the City were to liquidate investments as of the day that the market value is stated. This would only be done if the City needed to generate cash. The City holds all of its investments until the scheduled maturity date, and therefore when the investments mature the principal market value should equal the cost of the investment. The City also holds sufficient investments within the State Pool to allow for immediate cash liquidation if needed. Investments within the State Pool can be liquidated on any given day with no penalty.

One of the major investment instruments used in the United States and throughout the rest of the world is "mortgage-backed securities". Mortgage-backed securities are mortgages that have been sold by banks to investment banks or federally sponsored agencies such as Federal National Mortgage Association (FNMA – Fannie Mae), Federal Home Loan Mortgage Corporation (FHLMC – Freddie Mac), or Federal Home Loan Banks (FHLCB), who then rebundle the mortgages and sell them to individual investors or investors in the stock market. Mortgage-backed securities can be a fairly safe investment, if there is little risk that the mortgage borrower will default on the loan, or they can be risky investments if there is a higher risk that the borrower will default, such as the case in sub-prime mortgages. The City has purchased and currently has mortgage backed securities in its investment portfolio. This instrument has been purchased from Federal Home Loan Banks.

INVESTMENT REPORT (continued):

LGIP Cash and Investment Balances June 30, 2015

Instrument Type

	CUSPID #	Broker	Settlement Date	Maturity Date	Par Value	Investment Cost	Yield To Maturity	Unrecognized Gain/(Loss)	Market Value 6/30/12
FHLB 0.375	3133834R9	ProEquities	06/26/13	06/24/16	1,000,000	986,541	0.8310%	13,198	999,739
FHLB 0.75	3130A16D5	Financial Northwestern	03/26/14	03/24/17	1,000,000	994,000	0.9537%	7,543	1,001,543
FHLMC 1.0	3137EADH9	Financial Northwestern	06/14/14	06/29/17	1,000,000	1,000,000	1.0000%	5,719	1,005,719
FHLMC 1.22	3133EDV74	Financial Northwestern	09/26/14	09/18/17	1,000,000	999,500	1.2371%	2,111	1,001,611
FFCB 1.20	3133EEFP0	Wells Fargo	12/19/14	12/18/17	1,000,000	999,500	1.2170%	1,423	1,000,923
FHLB 1.15	3130A3NK6	Financial Northwestern	12/29/14	12/29/17	1,000,000	999,750	1.1585%	2,897	1,002,647
FHLMC 1.125	3134G6PV9	ProEquities	03/30/15	03/30/18	1,000,000	1,000,000	1.1250%	-623	999,377
FHLB 1.17	3130A5RE1	Financial Northwestern	06/29/15	06/29/18	1,000,000	999,500	1.1870%	1,529	1,001,029
FHLMC 1.22	3133EDV74	Financial Northwestern	09/26/14	09/18/17	1,000,000	999,500	1.2371%	-702	998,798
Sub Total Investments					\$8,000,000	\$7,978,791		\$33,797	\$8,012,588
State Investment Pool						26,215,212	0.1688%		26,215,212
Total LGIP + Investments						\$34,194,003		\$33,797	\$34,227,800

Current Average Maturity Excluding the State Investment Pool (days)	806
Current Weighted Average Yield to Maturity Excluding the State Pool	1.0892%
Current Yield to Maturity State Investment Pool	0.1688%
Basis Points in Excess (Below) Benchmark	92

Portfolio Diversification

Instrument Type	Percentage	Amount at Market Value	Amount at Cost	Broker	Percentage	Amount at Cost
FHLB	11.7%	4,004,958	3,979,791	Wells Fargo	2.9%	999,500
FFCB	2.9%	1,000,923	999,500	ProEquities	5.8%	1,986,541
FHLMC	8.8%	3,006,707	2,999,500	Financial Northwestern	14.6%	4,992,750
State Investment Pool	76.6%	26,215,212	26,215,212	State Investment Pool	76.6%	26,215,212
Total LGIP + Investments	100%	\$34,227,800	\$34,194,003	Total Investments	100%	\$34,194,003

Investments by Fund

Fund	Investments at Cost as of 6/30/2015	LGIP State Investment Pool as of 6/30/2015	Total LGIP + Investments at Cost by Fund as of 6/30/2015	Unrecognized Gain/(Loss) as of 6/30/2015	Total Market Value of Investments by Fund as of 6/30/2015	Investment Earnings Budget 2015	Investment Earnings Actual 2015	Over/(Under) Budget
001 General	\$2,073,250	\$12,310,640	\$14,383,890	\$20,734	\$14,404,624	\$69,000	\$28,581	-\$40,419
101 Street	250,000	758,382	1,008,382	3,345	1,011,726	2,500	1,017	-1,483
107 Code Abatement	0	155,008	155,008	0	155,008	550	111	-439
108 Asset Seizure	0	184,703	184,703	0	184,703	0	131	131
109 Public Arts	0	209,029	209,029	0	209,029	0	154	154
112 Fed Drug Enforcement	0	278,212	278,212	0	278,212	50	195	145
114 Transportation Benefit Dist.	0	416,599	416,599	0	416,599	60	385	325
115 Property Tax Equalization	0	1,156,750	1,156,750	0	1,156,750	0	814	814
116 Fed Crim Forfeit	0	1,933,891	1,933,891	0	1,933,891	845	1,305	460
117 Transportation Impact Mitigation	0	75,118	75,118	0	75,118	0	2	2
190 Revenue Stabilization	4,339,000	787,298	5,126,298	0	5,126,298	0	0	0
301 General Capital	0	2,035,950	2,035,950	0	2,035,950	11,809	1,501	-10,308
312 City Fac-Mjr Maint	0	180,988	180,988	0	180,988	1,417	137	-1,280
330 Roads Capital	0	1,524,804	1,524,804	0	1,524,804	14,431	2,095	-12,336
401Surface Water Utility Fund	0	2,520,278	2,520,278	0	2,520,278	9,101	1,734	-7,367
501 Vehicle Oper/Maint	0	290,547	290,547	0	290,547	250	161	-89
503 Equip Dep Replace	1,316,541	1,323,018	2,639,559	9,718	2,649,277	8,000	5,447	-2,553
505 Unemployment	0	73,997	73,997	0	73,997	0	52	52
Total Investments	\$7,978,791	\$26,215,212	\$34,194,003	\$33,797	\$34,227,800	\$118,013	\$43,823	-\$74,190